$2M MATCH: Donate by April 30!

04/05/23 • BIG TECH • NEWS

Amazon Illegally Harvested Kids' Data Via Alexa-Powered 'Smart' Speakers

The Federal Trade Commission plans to sue Amazon over allegations the company illegally collected and used children's data via its Alexa-powered smart speakers, according to reports by Politico and Bloomberg.

By Michael Nevradakis, Ph.D.

25

Miss a day, miss a lot. *Subscribe to The Defender's Top News of the Day.* ***It's free.***

The Federal Trade Commission (FTC) plans to sue Amazon over allegations the company illegally collected and used children's data via its Alexa-powered smart speakers, according to reports by Politico and Bloomberg.

Citing individuals familiar with the issue, the two media outlets said the FTC recommended filing a complaint against Amazon on the basis that the collection of data from children under age 13 violated the Children's Online Privacy Protection Rule (COPPA).

The U.S. Department of Justice (DOJ) may file the lawsuit on the FTC's behalf as early as next month, Bloomberg reported.

The FTC is obligated to first refer its complaint to the DOJ's civil division, which will then have 45 days to bring a case, according to Politico. If the DOJ declines to sue, the FTC can then opt to proceed on its own.

This potential lawsuit comes four years after several advocacy organizations, including the Campaign for a Commercial-Free Childhood (now known as Fairplay) and the Center for Digital Democracy, filed a complaint with the FTC against Amazon, citing two products: the Echo Dot Kids Edition and FreeTime (since rebranded Kids+).

The news also comes amid a push by the FTC to target Big Tech firms for a range of alleged anti-competitive practices.

According to the 2019 complaint, Amazon held onto voice recordings indefinitely and also kept children's personal data — even after users attempted to delete it.

The groups also claimed Amazon did not properly inform parents regarding the exact information it collected from children, did not include a privacy policy and did not verify that it had parental permission to collect data.

Following the submission of the complaint in 2019, Amazon claimed the two products in question were compliant with COPPA, Bloomberg reported.

COPPA penalties are limited to slightly over $50,000 per violation. However, each affected user is legally considered a separate violation, meaning the total fine against Amazon could be significantly higher.

FTC Chair Lina Khan, in remarks made last week, said existing law "prohibits firms from conditioning access to certain services on endless collection of data," adding that the law includes "substantive limitations on when firms can be collecting data."

Khan has developed a reputation as a Big Tech skeptic. In 2017, she published a legal paper in the Yale Law Journal characterizing Amazon as a modern monopolist whose market power required "addressing."

The paper referred to an "antitrust paradox," wherein Amazon has been able to amass significant market power, attaining an anticompetitive position even as it uses its logistical advantages to provide consumers with lower prices.

The paper argued in favor of restoring "traditional antitrust and competition policy" or applying "common carrier obligations and duties" traditionally required of telecommunications, transport and pipeline companies.

Amazon has taken issue with Khan in the past. In 2021, the company filed a petition with the FTC arguing that Khan should be recused from investigations involving Amazon, due to her past criticisms of the company.

According to The Wall Street Journal (WSJ) reports, the FTC has not publicly responded to the petition, and similar, previous attempts by Facebook also failed.

Other FTC actions involving children's privacy and COPPA violations have included cases against YouTube and Alphabet Inc., Google's parent company, in 2019, and also in 2019, against Musical.ly, the precursor to TikTok, owned by ByteDance Ltd.

And in December 2022, $520 million in fines were levied against Epic Games, creator of Fortnite, under COPPA.

Amazon possibly facing multiple federal antitrust lawsuits

According to a Feb. 3 WSJ report, the FTC was preparing a potential antitrust lawsuit against Amazon that would be filed in the coming months.

The same report stated:

> "The commission in recent years has been examining Amazon practices including whether it favors its own products over competitors' on its platforms and how it treats outside sellers on Amazon.com, according to some of the people familiar with the matter.
>
> "The FTC also has been scrutinizing the company's Amazon Prime subscription service's bundling practices."

A March 20 Politico report stated that one of the issues on the FTC's radar is Amazon's $1.7 billion acquisition of iRobot — maker of Roomba robotic vacuum cleaners — in August 2022.

According to Politico, the FTC is still investigating the deal, and there is a sentiment within the agency that Amazon — the leading online retailer in the U.S. market — should not be allowed to purchase the largest manufacturer of a popular product sold via its platform.

This sentiment is based on concerns Amazon will favor Roomba over competing brands, withhold Roomba from competing retailers, and that acquiring iRobot will add to Amazon's control in the connected home devices market, raise privacy risks and increase the company's control over consumer data.

According to Politico, "Amazon has been largely unresponsive to the FTC's investigation so far, refusing to turn over information" requested by the agency.

Amazon's iRobot acquisition isn't the only line of inquiry the FTC is pursuing against the company, Politico reported. Other potential legal actions may include:

- A "wide-ranging antitrust case" against Amazon's retail operations, including the company's practice of bundling services through its Prime subscription platform and its use of competitor data to "out-muscle rival retailers."
- A case against an alleged "dark pattern" — referring to the difficulty consumers report in unsubscribing from Amazon services such as Prime, as well as claims that consumers have been tricked into subscribing to more expensive subscription services than they intended.
- A deceptive advertising investigation into the company's "Amazon Choice" label, which it applies to some products in its online marketplace, based on allegations that Amazon may apply this label on a "pay-to-play" basis and use that to promote the placement of products in search results.
- Privacy investigations into Amazon's Ring camera and security system business, for which FTC staff have previously recommended the agency file a lawsuit.

Fox News reported Wednesday that the FTC also is looking into becoming a regulator and overseer of artificial intelligence (AI) systems.

Amazon has become a key player in the AI field, with a March 27 story in the WSJ reporting that it and other Big Tech companies are increasingly promoting AI as a central component of their cloud computing businesses.

Cloud computing businesses, namely those of Amazon and Microsoft, are under scrutiny by U.K. telecommunications regulator Ofcom for possible antitrust violations, CNN reported Wednesday.

TechCrunch reported Tuesday that Amazon is investing in an incubator for generative AI startups around the world, while CNBC reported on March 28 that Amazon sellers are increasingly turning to the popular AI tool ChatGPT to write product listings.

In reference to potential FTC actions against Amazon, the WSJ's Feb. 3 report stated, "The timing of any case remains in flux" and the agency may opt not to proceed.

However, Politico reported that the FTC "is under immense pressure to bring a successful antitrust case against Amazon" after allowing two large-scale acquisitions by the company to proceed.

This includes Amazon's $8.5 billion purchase of MGM Studios in March 2022, and its $3.9 billion acquisition of primary care provider One Medical in July 2022. The latter deal closed on Feb. 22.

According to Politico, the FTC investigated Amazon's One Medical purchase and "found evidence of anticompetitive behavior," including ending its Amazon Care medical service and purchasing One Medical instead.

However, the FTC allowed the deal to proceed because it was seen as "too hard of a case to win," in part because "it would be too challenging to define exactly what market Amazon was monopolizing."

The FTC faces difficulties with cases against Big Tech companies "in part because they control all the data that enforcers need to build a case," Politico reported.

This issue was the topic of testimony before the Senate Judiciary Committee in March by Amanda Lewis, an attorney and partner with Cuneo, Gilbert and Laduca, who previously worked with the FTC.

In a June 2020 research paper published in the First Monday journal, a team of technology and communication researchers found, "Big global tech firms often have treasure troves of data, perhaps greater than most of the nation state governments."

"Such data are hidden from public view," the researchers said, characterizing this as "troubling," on the basis that "algorithms are increasingly used to make consequential decisions with high stakes implications" on people's lives.

Amazon has claimed the FTC, in investigating issues such as allegations of anticompetitive behavior involving Amazon Prime, is making "excessive and unreasonable demands" on founder Jeff Bezos and the company's executives, who were subpoenaed. The FTC has mostly rejected these claims.

Amazon has previously reached a $60 million settlement in an FTC lawsuit that claimed the company illegally withheld tips from some delivery drivers.

The company has also faced scrutiny from overseas regulators. In December 2022, the EU and Amazon settled two antitrust cases related to allegations regarding the company's treatment of third-party sellers using its platform.

As part of the settlement, Amazon agreed to give third-party sellers "an equal shot" at being selected as the default option in Amazon's Buy Box service and to qualify for its Prime shipping program. The company also agreed to "abstain" from using nonpublic data about sellers on its marketplace to compete against them in the EU.

However, Amazon was not fined as part of this settlement.

In January, Amazon was fined $60,269 by the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) for workplace safety violations "that compromised worker health," including placing them at higher risk of musculoskeletal disorders.

Amazon also faces state-level antitrust suits.

In December 2022, the District of Columbia filed an antitrust suit regarding Amazon Flex, a delivery service offered by the company. According to the lawsuit, the company encouraged consumers to tip its delivery drivers, claiming the entire amount would go to those drivers. However, it is alleged that the tips were used to subsidize wages.

Previously, in September 2022, California filed an antitrust lawsuit against Amazon, alleging that Amazon penalizes sellers for listing products at lower prices on competing websites. Upon discovering this, the lawsuit claims, Amazon would often remove the "Buy Now" and "Add to Cart" buttons from that product's listing on its platform.

A bid by Amazon to dismiss the California lawsuit was rejected by a court on Friday.

Other Big Tech companies under FTC scrutiny

The FTC and other arms of the federal government have, in recent years, increased their pursuit of Big Tech companies on the basis of both antitrust and consumer protection laws, Bloomberg reported.

In 2020, a 449-page report by the House Antitrust Subcommittee, to which Khan was a contributor, focused on Amazon, Apple, Google and Meta, finding that Amazon had "monopoly power" over sellers on its site, bullied its retail partners and improperly used seller data in order to compete with its rivals.

The FTC sued Facebook in 2020, accusing the company of purchasing and then freezing out small startups. According to the WSJ, the case is still pending.

More broadly, the FTC has placed corporate data collection practices under scrutiny in recent years. This included a still-pending 2022 settlement against WW International, Inc., formerly known as Weight Watchers, for improperly collecting and storing children's data.

CNET reported that these settlements have helped raise awareness of the amount of data collected and stored by household devices and apps, including the options available to adjust settings to increase user privacy.

The DOJ has also filed two antitrust lawsuits against Alphabet Inc. — one in January based on allegations the company is monopolizing digital advertising, and a 2020 lawsuit alleging the company engaged in "unlawful exclusionary practices to maintain its search business dominance."

Alphabet, Inc. has reportedly "stacked" its legal team with former DOJ employees as it prepares to fight these cases.

In turn, the FTC is preparing an antitrust lawsuit against Apple, based on a long-running investigation over allegations the company abused its market power to stifle competitors and smaller tech firms.

Politico reported these actions — including the pursuit of lawsuits against Amazon — began in 2019 under the tenure of former FTC Chair Joseph Simons, a Republican. Such actions have since continued under Khan.

And in December 2022, the FTC filed a lawsuit to block Microsoft's $69 billion purchase of video game developer Activision Blizzard, alleging that the deal would place the company in a position to suppress competitors to its Xbox gaming platform.

Not all such efforts have been successful, however.

In February 2022, for instance, the FTC withdrew its pursuit of an action against Facebook regarding the company's acquisition of virtual reality content producer Within.

Eleanor Fox, LL.B., a law professor emeritus at New York University and antitrust expert, told The Defender that the FTC's loss regarding Meta Within is not likely to deter the FTC from pursuing similar actions, including against Amazon. She said:

> "The FTC's loss regarding Meta Within is not likely to deter them. They have a vision, they want to carry it forward, they want to incorporate it in their litigation efforts, and they will pursue it."

Subscribe to The Defender – It's Free!

First Name... Last Name... Email... SIGN UP

SUGGEST A CORRECTION

Michael Nevradakis, Ph.D.

Michael Nevradakis, Ph.D., based in Athens, Greece, is a senior reporter for The Defender and part of the rotation of hosts for CHD.TV's "Good Morning CHD."

Sign up for free news and updates from Robert F. Kennedy, Jr. and the Children's Health Defense. CHD is planning many strategies, including legal, in an effort to defend the health of our children and obtain justice for those already injured. Your support is essential to CHD's successful mission.

Republishing Guidelines

Children's Health Defense Comment Policy

We welcome relevant and respectful comments. Off-topic comments may be removed.

Please read our Comment Policy before commenting.

Got it

25 Comments

Login

Join the discussion…

LOG IN WITH OR SIGN UP WITH DISQUS ?

Name

♡ 8 • Share

Best Newest Oldest

xsnake
13 days ago
Too bad no one cares about stolen elections.
It's what destroyed the nation.
20 0 Reply • Share ›

Bears Lair → xsnake
13 days ago edited
I care.
3 0 Reply • Share ›

Daniel Staggers → xsnake
13 days ago
No, that would be crooked judges.
2 0 Reply • Share ›

Polly Green
13 days ago
1973: I think my phone is bugged.
2023: Alexa, order me a pizza.
In fifty years' time, the generation that grew up during the Watergate scandal have become retail spies that make the actual deep state spooks of the Cold War look like amateurs. I'm not talking about the technology either, but the cravenness of it all. We invited these "watchers" into our lives and the AI that is resulting will make Sky Net (real name Starlink from Elon Musk) look cartoonish as well. At the very least we should have as many "dumb" devices and appliances as possible. Why should we supply them with the means to know our intimate details??
18 0 Reply • Share ›

pb2 → Polly Green
13 days ago
In 2024, you'll hear a click (your doors locking) and in the voice of H.A.L. 9000, you'll be asked to step on a scale to see if your weight will allow you to have that pizza.
9 0 Reply • Share ›

richard → pb2
12 days ago
The name of the computer in "2001: A Space Odyssey", decoded:

HAL

↓↓↓

IBM
3 0 Reply • Share ›

Rbrtll
13 days ago
There is nothing these Big Tech companies do that isn't connected to deceit or cheating in some way... I suppose that's how they became what they are.
16 0 Reply • Share ›

1digger
13 days ago
So Amazon got caught and now the FTC plans to sue; what because Amazon got the information before the government did? Somehow I don't believe that Amazon or the FTC has our best interest in mind as they both want our money and information. This looks more like the FTC is putting a 'good face' on how government is looking out for you. LOL.
13 0 Reply • Share ›

NCMtnGal → 1digger
7 days ago
I'm sort of in agreement. Except I think they are one in the same. I don't claim to understand how this serves either one. All I believe is the monies and power are at the root of it. The demonic spirits of old and new have always faught against each other for power. This is no different.
0 0 Reply • Share ›

Ash
13 days ago
These diabolical monsters see the human race as their own personal playground.
12 0 Reply • Share ›

Darby O'Gill → Ash
13 days ago
To Mr. Potter,a warped frustrated old man, people were cattle. Lots of Potters out there.
2 0 Reply • Share ›

jwm79
13 days ago
Even if the FTC rules against them, which will probably take years, they'll be harvesting and using that stolen personal data (from children!!!) until then and perhaps for much longer, and who knows who else they will be sharing it with or selling it to.
9 0 Reply • Share ›

Dave
13 days ago
A "justice" system that doesn't work swiftly (and fairly, without being bought and owned by big interests) is the same as no justice system at all. But the courts are too busy going after Trump, memes, people that sell $601 worth of goods on eBay, parking tickets, etc. to bother..
4 0 Reply • Share ›

Daniel Staggers
13 days ago
Only a fool would allow that type of garbage in their home at all. They are merely getting what they asked for.
3 0 Reply • Share ›

Zamio
13 days ago
Gone are the days when the only data available on people was contained in paper files that ended up tossed or shredded after a few years, with the exception of things like criminal records and birth/death certificates, etc. But there was none of this data-mining of vast amounts of personal stuff from people's social media, etc. Once you put something on the Internet, you might as well consider it a permanent part of your record. This is not good for children and teens. They have no idea what they're doing to their future selves and more of this stuff is being retained by government, corporations and even foreign adversaries.
3 0 Reply • Share ›

Bears Lair
13 days ago
Carrying out the Trump agenda, who filed the original complaint.
The God of Small Favors
3 0 Reply • Share ›

Christopher R
13 days ago edited
Recording your Children, what else can you expect from this New World Order. Pedophilias, scamming, cheating; bestiality, re-branding of everything the Flu was made into a deadly virus (COVID) and Communism with some Nazism is the driving engine of the New World Order.

Why, because the consecration of Russia never happened back in the 80's. The Satanist running our lives by means of music, fashion etc decided that couldn't have that, it would destroy all of their Satanic plans for the future that being **2020** ! 🤦

We can only look to the next consecration soon !
3 0 Reply • Share ›

xsnake
13 days ago
I'd be more worried, that the parents of children nationwide allowed their public schools to be taken over by collectivists, who daily indoctrinate their kids.
3 0 Reply • Share ›

EVS
13 days ago
And I'd bet big money Jeff Bezos saw this coming and that's why he's sold a large portion of his shares and left the company. Amazon has its advantages but I buy as many as possible of the things I need elsewhere from the source companies . I only use Amazon when I need something on short notice and can't wait 2 weeks to get it from direct companies that make and sell the product.
3 0 Reply • Share ›

Ave Bkr
13 days ago
I remember when the "left" used to be against Big Business of this sort. For at least the past three years they've been full fledged *pro* business even when they still spit out stale "anti-capitalist" rhetoric (while supporting everything the capitalists support, from COVID lockdowns to forced jabs to "green" politics to their investments in China and much more).
3 0 Reply • Share ›

Ektor57
13 days ago
Alexa is nothing but a super spy. Fire her butt.
2 0 Reply • Share ›

Ricky Ricardo
13 days ago edited
"Allegations"? Haven't you heard...Data is the new gold! Of course they're spying - on everyone who uses a "**smart**" device. I have a "SMART" phone, which is usually left at home - and usually in airplane mode...because I'm **SMARTER**! This is really old "news". I think we should be much more concerned with what's coming within the next couple of years. Talk about unprecedented!
2 0 Reply • Share ›

Bry
12 days ago
Illegal used to mean it's a crime, but now it's means a shoulder shrug.
1 0 Reply • Share ›

NikkiR
11 days ago edited
I doubt the DOJ will end up doing anything, when have they gone after one after one of their own? They just pretend to attack one of their own and then say they found nothing. I pretty much already knew this would take place and would never purchase these things because it was happening with our computers, then our phones, and other devices, and basically all of our various email accounts and then onto other accounts too. Right now, they appear to be in the business of taking our data if we allow our accounts to be idle for too long or if they say we have too much data and go over the limit when they know very well why these accounts are filled with junk and spam because all these places sell our information, it is difficult to keep up with. Really, it is the photo storage applications threatening this because the whole account is being declared over storage, this is quite predatory and with companies like Google, I have seen my photos just disappear. They basically force people into giving out more of our information every place we go, then we are vulnerable to these attacks because of it all, just this is just criminal behavior masked as some accident/deficiency caused by the user.

The reality is that our data has been stolen at inception because Microsoft had their Operating Systems so bugged out that people were having their data taken by various crashes, glitches and viruses that I am convinced had that purpose all along. They all are

see more
0 0 Reply • Share ›

Jim1937
12 days ago
Alexa Bad, Tik Tok Good, right?
0 2 Reply • Share ›

Subscribe Privacy Do Not Sell My Data

Donate Now

You make the difference.

Latest News

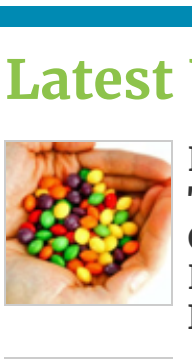
COVID Likely Emerged From Wuhan Lab — and Earlier Than Previously Believed, Senate Report Concludes

Soils in Natural Ecosystems Just as Contaminated as Urban Soils, Study Finds

U.S. Invests $1.5 Billion to Spur 5G Rollout Despite New Evidence of 'Devastating' Health Issues

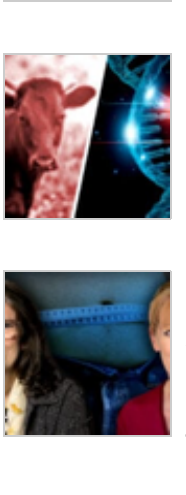
MORE NEWS

Latest Views



Foods Containing These 5 Toxic Chemicals Could Be Banned Under New Law

Big Ag Panicking Over Bill to Require Labeling of Gene-Altering Products



Risky Weight-Loss Jabs + Declining Life Expectancy for Kids: 'This Week' With Mary + Polly

MORE VIEWS

Get FREE News & Updates!

First Name...
Last Name...
Email...
SIGN UP

Get Text Alerts

Sign up for breaking news from The Defender.

Currently only eligible for numbers in the U.S. and Canada.

1234567890

Phone

REQUIRED. Phone number must be in a standard 10-digit format: 1234567890 or 123-456-7890

CONTINUE

Children's Health Defense®

Children's Health Defense® is a 501(c)(3) non-profit organization. Our mission is to end childhood health epidemics by working aggressively to eliminate harmful exposures, hold those responsible accountable and establish safeguards to prevent future harm. We fight corruption, mass surveillance and censorship that put profits before people as well as advocate for worldwide rights to health freedom and bodily autonomy.

EN ES FR

SUBSCRIBE - IT'S FREE! BECOME A MEMBER MEMBER LOGIN

Donations are tax deductible to the full extent of the law. EIN #26-0388604

Children's Health Defense • Legal Disclaimer • Terms of Use • Privacy Policy • Donate • Work for CHD • Whistleblowers Welcome • Contact • Social • Sitemap

© 2016 - 2023 Children's Health Defense® • All Rights Reserved